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South Africa, Republic of

Grain and Feed

Monthly update

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Approved by:

Richard Helm

U.S.Embassy, South Africa

Prepared by:

Herman Germishuis

Report Highlights:

This report mainly includes statistical adjustments to the corn crop estimates of the past few years. In the process the 2001 crop estimate was increased to 9.97 million tons while the 2002 crop is estimated at 9.75 million tons. The 2002 crop, although planted on a marginally larger area, is not expected to yield as well as the 2001 crop. This is the result of a late start to the rainy season and the consequent delay in planting. Rainfall to date has been favorable but conditions through the rest of the season will determine the outcome of the crop. Stocks, however, are more than adequate.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1], SF

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Executive Summary

Corn deliveries over the past few seasons have consistently exceeded the official crop estimates. After taking deliveries, estimated farm retention and the crop in the subsistence sector into account we increased the total crop estimates by an average of 8.7% for the past few seasons. The Department of Agriculture is expected to announce similar adjustments soon but we were forced to make the changes before the new annual report in early February. While the increases affect the total PS&D's, they do not materially affect the commercial PS&D's, which form the basis of most commercial decisions.

The FAS 2002 corn crop currently growing has benefitted from good recent rains. Although the rains were late, the crop is expected to reach 9.75 million tons if favorable conditions continue. This is marginally smaller than the revised figure of 9.97 million ton for the 2001 crop in spite of an increase in the area planted. More important is the fact that the white corn area planted has increased to 67% compared to 61% in the previous season. This is likely to lead to an oversupply of white corn in the new marketing season and a shortage of yellow. The price spread between white and yellow is narrowing as the white corn price is dropping. Yellow corn will have to be imported during 2003 but some white corn could be used in feed if the price drops further. Carry over stocks are expected to exceed 1.5 million tons at the end of the current season.

Both domestic consumption and exports are expecting to increase in 2003 as prices soften. The South African government has just announced a R170 million donation to the World Food Program, equal to 100,000 mt. of corn to be purchased locally. The WFP has also recently announced an EU donation to buy SA corn for the famine stricken Zimbabwe, Zambia and Malawi. All these sales will be GMO free.

The wheat situation is unchanged from our previous report.

www.sagis.org.za

www.grainsa.co.za

www.safex.co.za

www.fews.net

www.wfp.org

www.grains.org

Corn

PSD Table						
Country	South Africa, Republic of					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		05/2001		05/2002		05/2003
Area Harvested	3225	3223	3350	3350	3600	3600
Beginning Stocks	2041	2040	490	475	790	1620
Production	7483	8135	9100	9965	9500	9750
TOTAL Mkt. Yr. Imports	395	395	800	725	250	500
Oct-Sep Imports	0	0	726	700	650	300
Oct-Sep Import U.S.	0	0	0	320	0	0
TOTAL SUPPLY	9919	10570	10390	11165	10540	11870
TOTAL Mkt. Yr. Exports	1281	1280	1400	1200	1600	1200
Oct-Sep Exports	1415	1415	1182	1182	1500	1100
Feed Dom. Consumption	4148	4550	4200	4000	4200	4065
TOTAL Dom. Consumption	8148	8815	8200	8345	8200	8550
Ending Stocks	490	475	790	1620	740	2120
TOTAL DISTRIBUTION	9919	10570	10390	11165	10540	11870

Production

The South African Grain Information Service (SAGIS) does a very professional job of collating data on the local grain industry. Over the past few seasons it became clear that the SAGIS corn delivery figures exceed the official crop estimates. As the delivery figures are audited figures, it had to be incorporated and the crop estimates updated. In any grain producing country, some grain is kept and used on the farm. For South Africa it is estimated at about 430,000 tons consisting of 100,000 tons of white and 330,000 tons of yellow corn. In addition, the definition of the crop in the developing sector implies that the grain is produced and consumed in this sector. The "total" crop thus consists of grain delivered, plus farm retention, plus the crop in the developing sector. Similar adjustments, even including some area planted corrections, are expected from the Department of Agriculture. The revised figures will then be used as base data for the new season's crop estimates. The following tables contains our latest crop estimate calculations for the past few seasons compared to the National Crop Estimates Committee's historical data

South Africa; Revised corn crop estimates based on deliveries and including farm retention and the crop in the developing sector. Figures are rounded.

FAS 99, PY 1999/200 MY 2000/2001	Area planted '000 ha.	Original production estimate '000 mt.	Revised production estimate '000 mt.
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Commercial			(Deliveries + retention.)
White	2003	6155	6610
Yellow	1227	3985	4355
Total	3230	10140	10965
Non Commercial			
White	479	305	305
Yellow	159	140	140
Total	638	445	445
Total corn			
White	2482	6460	6915
Yellow	1386	4125	4495
Grand total	3868	10585	11410 (+7.8%)

FAS 00, PY 2000/2001 MY 2001/2002	Area planted '000 ha.	Original production estimate '000 mt.	Revised production estimate '000 mt.
Commercial			
White	1596	4110	4525
Yellow	1112	3115	3350
Total	2708	7225	7875
Non Commercial			
White	386	190	190
Yellow	129	70	70
Total	515	260	260
Total Corn			
White	1982	4300	4715
Yellow	1241	3185	3420
Grand total	3223	7485	8135 (+8.7%)

FAS 01, PY 2001/2002 MY 2002/2003	Area planted '000 ha.	Original production estimate '000 mt.	Revised production estimate, '000 mt.
Commercial			
White	1722	5066	5500
Yellow	1112	3715	4150
Total	2833	8781	9650
Non commercial			
White	408	245	245
Yellow	109	72	70
Total	517	315	315
Total corn			
White	2130	5311	5745
Yellow	1221	3787	4220
Grant total	3350	9098	9965 (+9.5%)

The current FAS 02, PY 2002/2003, MY 2003/2004 crop forecast is based on the revised figures used above. At this stage conditions are favorable with abundant rains and hot weather. There are some concerns, the main one being that a big portion of the crop was planted late and is still very young. The summer solstice (December 21) results in daylight hours receding and the rate of plant growth slowing as the Southern Hemisphere moves towards autumn. The possibility of early frost cannot be ruled out, especially in the eastern growing areas. This could be very detrimental to an immature crop. The other main concern is very dry and hot weather at pollination, usually over the last two weeks of February. Due to the extended planting dates and the variation in length of season cultivars planted, this effect could be limited. Rainfall over the rest of the season, however, remains the main determinant.

Due to the late plantings we expect a lower yield than in the previous season and in spite of the reported increase in area planted, a smaller crop. The following table contains our production forecast for the crop currently growing:

FAS 02, PY 02/03 MY 03/04	Area '000 ha.	Yield, mt./ha.	Production '000 mt.
Commercial			
White	2015	3.00	6040
Yellow	1010	3.35	3385
Total	3025	3.12	9425
Non commercial			
White	410	0.58	240
Yellow	115	0.73	85
Total	525	0.62	325
Total Corn			
White	2425	2.59	6280
Yellow	1125	3.08	3470
Total	3550	2.75	9750

Consumption

The following commercial PS&D is based on deliveries with the "total" crop in parentheses.

	FAS 2001	May 2002 to	April 2003	FAS 2002	May 2003 to	April 2004
B/Stocks	255	220	475	1080	540	1620
Production*	(5745)	(4220)	(9965)	(6280)	(3470)	(9750)
Deliveries	5400	3820	9220	5945	3055	9000
Imports	275	450	725	0	500	500
Supply	5930	4490	10420	7025	4095	11220
Exports	850	350	1200	950	250	1200
Consumption	4000	3600	7600	4150	3650	7800
E/Stocks	1080	540	1620	1925	195	2120

* Calculated total

The main points to ponder in the MY2002/03 figures include a nearly 5% slowdown in domestic disappearance from May to December 2003 compared to the previous season. This was probably due to the high domestic prices. As a result of the favorable crop conditions and the estimated 1.6 million ton carry over at the end of April 2003, the 2003 futures prices for white corn are dropping. Between December 4 and January 29 the March price for white corn has dropped from R1908/ton to R1478/ton, or by 22.7%. Due to the tighter yellow corn situation the prices are holding better. Another factor affecting prices is the volatility in the Rand/Dollar exchange rate. The following table contains recent price movements.

Per metric ton	March 2003	May 2003	July 2003
November 1, 2002	\$1= R10		
White corn	R1872 \$187.20	R1847 \$184.70	R1786 \$178.60
Yellow	R1473 \$147.30	R1523 \$152.30	R1538 \$153.80
December 4, 2002	\$1= R9.25		
White corn	R1908 \$206.27	R1930 \$208.65	R1958 \$211.67
Yellow	R1364 \$147.75	R1405 \$151.90	R1443 \$156.00
January 2, 2003	\$1= R8.55		
White corn	R1768 \$206.78	R1733 \$202.69	R1681 \$196.61
Yellow	R1335 \$156.14	R1359 \$158.95	R1351 \$158.01
January 29, 2003	\$1= R8.75		
White	R1478 \$ 168.91	R1485 \$169.71	R1516 \$173.25
Yellow	R1291 \$147.54	R1282 \$146.51	R1284 \$146.74

Trade

Because of high prices, total whole corn exports also decreased by 18.4% between May and December 2002 although the destinations and product mix changed. The following table contains the details:

'000 mt.	White	Yellow	Total	White	Yellow	Total
	May to Dec.	2001		May to Dec.	2002	
Overland	301	40	341	424	204	628
Harbors	83	391	474	7	30	37
Total	384	431	815	431	234	665

While overland sales into the drought stricken region thus increased it included mainly GMO free sales to the

aid agencies while the overseas GMO free sales of the previous season were lost due to the high prices. The South African government promised assistance to its neighbors in November 2002 and it is now giving about R170 million to the World Food Program to buy 100,000 tons of South African corn, presumably white and GMO free. This donation is included in the export sales for the season which is now expected to reach 1.2 million tons. The improved supply situation and the consequent drop in prices made the donation possible without having a major disrupting effect on the market.